REDACTED

Department of Telecommunications and Energy
Record Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 05-58

Witness: **Karen L. Zink**
Date Filed: **January 17, 2006**

Question:
DTE-RR-1 Please update the tables provided in the response to IR DTE-2-8 to include an additional line that displays the combined cost of the ConneXion and Coral agreements.

Response: Attached please find Attachment DTE-RR-1 that provides the requested information. The assumptions used in preparing this information are as follows:

a) The attachment was prepared at a 100% and a 75% load factor basis. That is, it is assumed that 100% or 75% of the total volumes will be dispatched and that no sellback of capacity or commodity will occur.

b) Under the ConneXion/Coral option, the daily dispatch for ConneXion is 4,000 dth while the daily dispatch for Coral is 5,000 dth.

c) The column labeled "Commodity Charge Cost Load Factor" is based on the NYMEX per dth prices assumed in the original response to Information Request DTE-2-8 as follows:

May -
June -
July -
Aug. -
Sept. -
Oct. -
Nov. -
Dec. -
Jan. -
Feb. -
Mar. -
April -

Based upon all of these assumptions, on a per unit basis, the ConneXion project is the least cost alternative to address the identified need and the ConneXion/Coral combination ranks as the second least cost alternative.

RESPONSE AND ATTACHMENT ARE CONFIDENTIAL AND PROPRIETARY
PROTECTIVE TREATMENT

The Berkshire Gas Company
D.T.E. 05-58
Attachment DTE-RR-1 - Redacted

NE Connexion Capacity / Peaking Proposals Analysis

Supplier	MDQ	ACQ	Demand Charge / Dth	Annual Demand Charge Cost	Commodity Charge Cost (Per Dth - Zone 0)	Commodity Charge Cost 100% Load Factor	Total Cost 100% Load Factor	Avg. Total Cost per Dth 100% Load Factor
NE Connexion Capacity	4,000	1,460,000						
Connexion/Coral	**9,000**	**1,910,000**						
Coral Energy (151 Day Service- Delivered)	10,000	1,510,000						
Amerada Hess (151 Day Service- Delivered)	10,000	1,510,000						
Sprague Energy (151 Day Service- Delivered)	10,000	1,510,000						
Distrigas (90 Day Service- Delivered) Option 1	7,500	675,000						
Coral Energy (90 Day Service- Delivered)	10,000	900,000						
Amerada Hess (90 Day Service- Delivered)	10,000	900,000						
Sprague Energy (90 Day Service- Delivered)	10,000	900,000						
Distrigas (90 Day Service- Delivered) Option 2	7,500	675,000						
Distrigas (Peaking Service) Option 2	10,000	350,000						
Distrigas (Peaking Service) Option 1	10,000	350,000						
Amerada Hess (Peaking Service)	10,000	200,000						

Supplier	MDQ	ACQ	Demand Charge / Dth	Annual Demand Charge Cost	Commodity Charge Cost (Per Dth - Zone 0)	Commodity Charge Cost 75% Load Factor	Total Cost 75% Load Factor	Avg. Total Cost per Dth 75% Load Factor
NE Connexion Capacity	4,000	1,460,000						
Connexion/Coral	**9,000**	**1,910,000**						
Coral Energy (151 Day Service- Delivered)	10,000	1,510,000						
Amerada Hess (151 Day Service- Delivered)	10,000	1,510,000						
Sprague Energy (151 Day Service- Delivered)	10,000	1,510,000						
Coral Energy (90 Day Service- Delivered)	10,000	900,000						
Amerada Hess (90 Day Service- Delivered)	10,000	900,000						
Sprague Energy (90 Day Service- Delivered)	10,000	900,000						
Distrigas (90 Day Service- Delivered) Option 2	7,500	675,000						
Distrigas (90 Day Service- Delivered) Option 1	7,500	675,000						
Distrigas (Peaking Service) Option 1	10,000	350,000						
Amerada Hess (Peaking Service)	10,000	200,000						
Distrigas (Peaking Service) Option 2	10,000	350,000						

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D.T.E. 05-58

Witness: **Karen L. Zink**
Date Filed: **January 17, 2006**

Question:
DTE-RR-2 Please indicate the amount of sellback volumes, if any, and the associated pricing included on KLZ-7.

Response: KLZ-7 does not include any sellback volumes. If sellback volumes were included, the total cost of the ConneXion and Coral options would be reduced. See the response to DTE-RR-3 for the net cost of all the options which includes sellback volumes.

Department of Telecommunications and Energy
Record Requests

THE BERKSHIRE GAS COMPANY
D.T.E. 05-58

Witness: **Karen L. Zink**
Date Filed: **January 17, 2006**

Question:
DTE-RR-3 Please update KLZ-7 to show the net cost of each supply option, and indicate all assumptions included in the calculation.

Response: Attached please find Attachment DTE-RR-3 that provides the requested information. The assumptions used in preparing this information are as follows:

a) The commodity prices listed in the response to DTE-RR-1 are used in the months where natural gas is dispatched.

b) The commodity of natural gas available pursuant to each resource is only dispatched in the months of December – February.

c) Consistent with the Company's Design Winter requirements in its most recent Forecast & Supply Plan, docketed as D.T.E. 05-7, the volumes dispatched pursuant to each resource total 200,000 dth.

d) Any volumes not required will be sold back into the market at 75% of the average commodity price. This assumes that on certain days the price will be greater than the purchase price and on other days the price will be lower than the purchase price.

e) ConneXion capacity will be released into the market for the months of April – October at a price of $ dth. No ConneXion capacity will be released for the months of November – March.

Based on these assumptions, the ConneXion option is clearly the least cost option on a total cost basis. The next least cost option is Amerada Hess, however, this bid was not considered by the Company for several reasons. First, the volumes would be delivered on a secondary basis while the option reflects firm capacity. Berkshire has had the experience this winter on the Northampton lateral where the Company has seen other LDCs have their secondary volumes curtailed. Second, this Hess bid only allowed the Company 20 days of use since it was a 20-day call option. That is, if the Company dispatched less than the MDQ of 10,000 dth on a particular day, those lower volumes still counted towards the 20-day maximum, which could result in the remaining volumes not being available on the days the Company might need it. This reflected a substantial lack of flexibility that was available pursuant to other alternatives.

Question:
DTE-RR-3 (cont'd.)

The third least cost option was Distrigas priced on 100% commodity basis. While the Company is making the assumption in this response that it could sell back the commodity that was not required, there is no guarantee that such a right could have been secured in negotiations with Distrigas. More importantly, when Distrigas sells a backhaul service to the Company, it is on a secondary basis on the Northampton lateral. While the Company has not had a problem historically receiving the backhaul volumes, Berkshire is aware that other parties with secondary rights have experienced curtailments. Further, Berkshire is concerned about placing a greater emphasis on Distrigas during peak periods The Company had the experience in 2001 with a force majeure declared by Distrigas and was concerned about relying upon this resource for such a large percentage of its peak day requirements.

The next best option is the combination of the ConneXion and the 90-day Coral option followed by Coral on its own for 90 days. The Coral option provides many non-price benefits to the Company. First, the volumes are delivered on a firm, primary basis to the city gate in Pittsfield. None of the other options, except for ConneXion, could provide primary rights to the Company's service territory. Second, the Coral volumes are delivered out of Niagara giving the Company an added level of diversity in its portfolio for this delivery option. Finally, Coral has agreed to provide the Company with right of first refusal ("ROFR") rights from Tennessee at the end of the agreement if those rights are available. This would insure the Company would maintain the 5,000 dth of capacity on a primary basis to its citygate.

RESPONSE AND ATTACHMENT ARE CONFIDENTIAL AND PROPRIETARY
PROTECTIVE TREATMENT

NE Connexion Capacity / Peaking Proposals Analysis
Ranking by Least Cost Dispatch

Ranking	Supplier	MDQ	ACQ	Volumes Dispatched	Demand Charge / Dth	Annual Demand Charge Cost	Capacity Release Credits	Commodity Charge Cost 100% Load Factor	Sellback Credit	Total Cost 100% Load Factor	
1	NE Connexion Capacity - 90 Day	4,000	1,450,000	200,000							17 days in Dec & Jan; 16 days in February
2	Amerada Hess (Peaking Service)	10,000	200,000	200,000							all in January
3	Distrigas (90 Day Service- Delivered) Option 2	7,500	675,000	200,000							7,500/ day, Dec - Feb
4	Connexion/Coral	9,000	538,880	200,000							22.22 days of Connexion (200,000 divided by 9000/day)
5	Coral Energy (90 Day Service- Delivered)	10,000	900,000	200,000							10,000/ day, Dec - Feb
6	Amerada Hess (90 Day Service- Delivered)	10,000	900,000	200,000							10,000/ day, Dec - Feb
7	Sprague Energy (90 Day Service- Delivered)	10,000	900,000	200,000							10,000/ day, Dec - Feb
8	Distrigas (90 Day Service- Delivered) Option 1	7,500	675,000	200,000							7,500/ day, Dec - Feb
9	Distrigas (Peaking Service) Option 1	10,000	350,000	200,000							12 Days Dec, 13 days Jan, 12 Days Feb
10	Distrigas (Peaking Service) Option 2	10,000	350,000	200,000							12 Days Dec, 13 days Jan, 12 Days Feb
11	Coral Energy (151 Day Service- Delivered)	10,000	1,510,000	200,000							10,000/ day, Nov - Mar
12	Amerada Hess (151 Day Service- Delivered)	10,000	1,510,000	200,000							10,000/ day, Nov - Mar
13	Sprague Energy (151 Day Service- Delivered)	10,000	1,510,000	200,000							10,000/ day, Nov - Mar